

LEGISLATION

The most fearful social convulsions could not fail to arise out of any successful attempt in 1819, by so changing its details as to *lower* our fixed Price of Gold down to the level of the Working-Classes still remain so ignorant as not to know that the low power of money—or, in other words, for lowering the exchangeable value of property—long and most cruel experience, that the principle of the Money Law of 1819 would Demand would naturally award to it, by leading to the export of Gold (which *whenever the Foreigner prefers taking Gold*, which he of course does, unless the Foreigner (even although that same Foreigner did not import into this country Gold, or other price for the Foreign Commodities in payment of which the imbecility of our Working-Classes clearly, that the fact of Gold being absurdly fixed at the same low rate when it is as a commodity necessarily fixes down, as the general rule, to the same low rate for all Commodities, which have to be sold *against Gold as a Commodity* to Foreigners. Our Official and Annuitant Classes thus participate in the monstrously undue advantage of the Artizan, and this sacrifice of our Working-Classes operates a permanent reduction of himself that he ceases to be a consumer of other than the merest necessities, and (under the Free-Trade system) the product of foreign labour, in payment of which the Foreigner would award him. And, as in this state of degradation in the circumstances of the country, he is unable to attend to Politics or Public Questions without fatally injuring their families, a few leaders among themselves except bad men and bad subjects, who, by the influence of the UNIVERSAL SUFFRAGE. Now, however, a total change in their views of what is possible, which cannot fail to secure them the active sympathy and co-operation of the Working-Classes, have eagerly caught at such absurdities as Organizations of Labour, which were excluded, just as sinking men catch at straws; but *straws* they have no other. The Working Masses will no longer permit their reason to be insulted by the silly doctrine that the only possible cause of increased wages is increased employment, which, if it were, and the Working Men's distresses having led them into a much better condition of labour) than is possessed by the Middle Classes, they see that to *raise their wages permanently*, such an alteration of our Money Law as to fix the VALUE OF MONEY, as when less property and a smaller quantity of commodities are required for the Working Man's time and labour will do the same thing. Thus the interests of the Working Man, the same, and inseparable; and as thousands of the Upper and Middle Classes (many of many of the Chartist leaders), Chartism, under an improved leadership, will see that the ONLY MEANS TO THE GREAT COMMON END in view, if the Money power is found to be doing harm, is to be done to the labour of the country by the repudiation of the Monetary Scheme.

THE QUESTION OF MONEY—HOW IT WILL BE AFFECTED BY LARGE IMPORTS OF GOLD FROM CALIFORNIA.

TO THE EDITOR OF THE WEEKLY REGISTER.

Edinburgh, 24th Feb. 1849.—Sir,—The late clever article of the 'Times,' on the manner in which an unusually great import of gold would operate on the currency, has delighted as much as it has surprised all monetary reformers, whose fears had been somewhat alarmed by certain obscure and tortuous hints in a December number of Sir Robert Peel's organ, the 'Morning Chronicle,' as to the *adjustment* which might become necessary between our national interests. To narrow observers it is clear that the 'Times,' that greatest engine of public opinion, has no less certainly *reversed* itself because it has as usual had ability to do so without the notice of the general public, and that it is now playing away as complacently against the fixed standard bullionists as it has hitherto worked sturdily for these Jews and money-mongers. And the monetary reformers may well be satisfied with this *great fact*, although no man can understand or explain how, on the same principle, the 'Times' could in January contend for the price of gold being by our law kept fixed at the foreign price of L.4, and can in February contend against the law being altered so as to reduce its price to the foreign level when the value of gold falls abroad. Wherein consists, I should like to know, the difference between the present position of the 'Times' and the views of the monetary reformers against whom it has so long and so ably battled? They have insisted that gold should be per-

been the cause of so much suffering. Sir R. Peel has been to our work only to understand the practice of 1819. Under it (with gold at a price abroad) our commercial life has been a succession of money panics, and it is impossible to attain prosperity without the cause of immediate distress in the distance—with wages near the level of the country, the foreigner finds he can get an ounce of gold or 80 yards of cloth, and he may probably take it, but as soon as prosperity raises wages, the foreigner finds his cloth is worth more than our gold, of which, from its being so cheap, he can still get an ounce, while of our cloth he can only get 64 yards for L.4—a staggering and positively unjust result. It is clear that for the commodity of gold to be imported, it must have a high price. The export of gold, and the facilities, and this lessens the energy of the working-classes. Wages are thus fixed at a standard of our fixed price of gold, and again comes into our markets, and a brisk home trade again raises wages to their point, then must the law be re-enacted by our to-day-well-remembered operatives.

But there is the prospect arising from the supply of gold, of the tables being turned. Sir R. Peel and his bill, and if the price of gold falls from L.4 to L.3 the ounce of gold will

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SLATION ON GOLD.

use out of any successful attempt in Parliament to perpetuate the principle of Sir R. Peel's Money Law of fixed Price of Gold down to the value to which Gold may fall abroad; for we deceive ourselves if we suppose as not to know that the lowering of the price of Gold is an equivalent term for raising the purchasing the exchangeable value of property, commodities, and labour. The Working-Classes have been taught by of the Money Law of 1819 practically denies to British labour the reward which the Law of Supply and the export of Gold (which upsets the country's Banking facilities), and thus contracting the currency which he of course does, unless the prices of British Manufactures approximate in cheapness to that of Gold into this country Gold, or other commodity sold at the cheap rate, but had availed of a Paper or prosperity which the imbecility of our Law puts it in his power to take Gold at a cheap price). They now see at the same low rate when it is in the greatest demand as when it is in the smallest demand for exportation neral rule, to the same low, untaxed, and profitless standard the remuneration to the producers of British as a Commodity to Foreigners, as well as into Gold as a Money to our own people in the same market! e in the monstrously undue advantage which the bill of 1819 gives to the Foreigner over the British operates a permanent reduction in the price of British products, by so prostrating the British producer an the merest necessities, a large proportion of which, being eatables, now are (under our irreciprocal in payment of which the Foreigner will never take anything but Gold till compelled to do so by the over the price abroad, equal at least to the amount of the taxation paid by our Artizan, and the fair the natural regulator of prices (the influence of the Law of Supply and Demand in his particular trade) ation in the circumstances of our Working-Classes, few Working Men are in so independent a position as to hout fatally injuring their families, it has necessarily followed, that the Working Men have been able to get and bad subjects, who, by their conduct, have deferred the triumph of the great Chartist Principle—change in their views of what is their true interests is coming over the convictions of our Working Men sympathy and co-operation of all our Propertied Classes. The Working-Classes, in their sinking ties as Organizations of Labour, Communisms, and Associationisms, from which the Capital Classes straws; but *straws* they have found these delusions to be (however well intended), and our Labour- to be insulted by the *silly doctrine that labour is a separate interest*. The Working Men now see that eared employment, which can only arise from improving the condition of the employers of labour; ed them into a much better knowledge of the Money Question (which is in reality the question Classes, they see that to increase the number of bidders for their labour, *the only means of* eration of our Money Laws must be made as will permanently REDUCE THE EXCHANGEABLE maller quantity of commodities come to stand for the same amount of Money, it is evident that less of the hing. Thus the interests of all classes except the Officials, Annuitants, and Money-mongers, are seen to be e Upper and Middle Classes have no objection to Chartist principles (although they reprobate the conduct an improved leadership, will soon be in a position to demand and to carry UNIVERSAL SUFFRAGE AS THE w, if the Money power is found to be so strong in Parliament, as at present constituted, as to prevent justice iudiation of the Monetary Schemes of Sir Robert Peel and the usurers.

been the cause of so much suffering to his subjects as Sir R. Peel has been to our working-classes, we have only to understand the practical operation of his bill of 1819. Under it (with gold here fixed down to the price abroad) our commercial history must necessarily be a succession of money panics, for it is utterly impossible to attain prosperity without ITS becoming the cause of immediate distress in this country. For instance—with wages near the starvation point in this country, the foreigner finds he can for L.4 get either an ounce of gold or 80 yards of cloth at 1s per yard, and he may probably take the cloth in preference; but as soon as prosperity raises prices, say to 1s 3d per yard, the foreigner finds his advantage in taking away our gold, of which, from its being fixed in price, he can still get an ounce, while of the cloth he can now only get 64 yards for L.4—a state of things the more galling and positively unjust to our home industry, as it is clear that for the commodity which the foreigner himself imported HE must have got the *paper*, or 'prosperity' price. The export of gold contracts banking facilities, and this lessens the employment of the working-classes. Wages are thus brought back to the standard of our fixed price of gold, and the foreigner again comes into our markets. The moment however a brisk home trade again raises prices to the 'prosperity' point, then must the above horrid experience be e-enacted by our to-day-well-fed-and-to-morrow-starving operatives.

But there is the prospect arising from an increased supply of gold, of the tables being turned on Sir Robert Peel and his bill, and if the price of gold goes down from L.4 to L.3 the ounce the sovereign will essen-

of L.4 from scarceness, opposed the pound sterling being at all times equal to a quarter of an ounce of gold, we must, in the now altered prospects, resist not only any increase of the weight of the sovereign (or, in other words, any lowering of the price of gold), but WHILE GOLD ABROAD REMAINS UNDER OUR NOMINAL PRICE OF L.4, WE MUST PREFER THE PRESENT MONEY LAW TO A SYSTEM OF PAPER MONEY CONVERTIBLE AT THE MARKET PRICE OF GOLD, AS THE FORMER TENDS MORE THAN THE LATTER TO PREVENT THE EXPORT OF GOLD. In the latter way there would be more inducement to export gold as a speculation, as the foreigner would get more weight of gold for the paper pound. In the latter way, if the gold was worth L.2 in the market, the paper pound would buy half-an-ounce of it, while in the former way the paper pound would only buy a sovereign, or a quarter of an ounce of gold. On the other hand, it is equally clear, that with the price above L.4, our fixed price, the paper system would best check the export of gold, as then, with gold at L.5 the ounce, the bearer of a pound note would only get 1-5th of an ounce by this system, while by the other he would demand a sovereign.

SECONDLY.—With the foreign price of gold below our fixed price, it is DECIDEDLY THE INTEREST OF OUR INDUSTRY THAT WE SHOULD SUSTAIN THE LAW AS IT NOW STANDS, AND PREFER THE GOLD TO THE PAPER COUNTER, AS TENDING MORE TO ENCOURAGE THE IMPORTATION FROM AMERICA OF THE LARGEST POSSIBLE SHARE OF THE GOLD NOW GETTING IN CALIFORNIA. The American will bring more gold here if he is *sure* to get, at the British Mint, four sovereigns for his ounce of gold, than if the nominal market

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only get 64 yards for £4—a staggering and positively unjust to it is clear that for the commodities themselves imported HE must have a 'perity' price. The export of goods, facilities, and this lessens the emerging-classes. Wages are thus standard of our fixed price of goods again comes into our markets. A brisk home trade again raises 'perity' point, then must the above re-enacted by our to-day-well-fed operatives.

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But there is the prospect arising from an increased supply of gold, of the tables being turned on Sir Robert Peel and his bill, and if the price of gold goes down from L.4 to L.3 the ounce, the sovereign will essentially have become the same inconvertible counter which it has been the object of monetary reform to get through the establishment of paper money (or money without intrinsic value). The fact on which Sir Robert Peel built his erroneous theory of money (as embodied in his bill of 1819), no longer existing, L.4 the ounce being no longer the standard of the world, and as an article of export will no more come into competition with our manufactures. The money of a foreigner who spurned goods at a British price, because he had in his option THE COMMODITY GOLD at the foreign price, will then come into our market, and by swelling the number of competitors for British labour, will still more enhance prices and wages. The issue of paper pounds as the legal tender payable at the London market price of gold, was the only remedy while the foreign price was as high as our fixed price. In no other way could remunerative prices long be got by our manufacturers and producers, even when they had an extensive demand for their wares—while the article gold always existed equally cheap when scarce as when plentiful in this country. But if the foreign price of gold is to be greatly and permanently lower than L.4 the ounce, our retention of the sovereign, at a quarter of an ounce of gold, as the counter of our pound sterling, will suit the same purpose of enabling prices of British commodities to rise to the level of the demand for them; and indeed WITH A FIXED PRICE ABOVE THE FOREIGN PRICE, THE ISSUE BY US OF THE GOLD MONEY AS A LEGAL TENDER WILL BE FAR PREFERABLE, as having two indirect advantages which in our circumstances (as having adopted the principle of free imports) will be of vital importance in increasing the employment, and thus assuaging the wages of our working-classes. While we continue to make gold the basis of our bank-note circulation and facilities, it is evidently the interest of our industry that the greatest amount possible of gold be imported, as extending that basis, besides the export of gold being an evidence that we are, just as the export of it is an evidence that we are not, exporting British labour. All therefore will readily perceive that we ought to prefer the sovereign as *our legal tender for a pound*, when the foreign price of gold below L.4 the ounce, if thereby we attained the two objects of preventing gold being exported, and of encouraging gold being imported in the greatest quantity.

FIRSTLY.—On the same principle (the defence of British industry) on which Monetary Reformers, when gold tended to advance above our fixed price

of L.4, while in the former way the paper pound would only buy a sovereign, or a quarter of an ounce of gold. On the other hand, it is equally clear, that with the price above L.4, our fixed price, the paper system would best check the export of gold, as then, with gold at L.5 the ounce, the bearer of a pound note would only get 1-5th of an ounce by this system, while by the other he would demand a sovereign.

SECONDLY.—With the foreign price of gold below our fixed price, IT IS DECIDEDLY THE INTEREST OF OUR INDUSTRY THAT WE SHOULD SUSTAIN THE LAW AS IT NOW STANDS, AND PREFER THE GOLD TO THE PAPER COUNTER, AS TENDING MORE TO ENCOURAGE THE IMPORTATION FROM AMERICA OF THE LARGEST POSSIBLE SHARE OF THE GOLD NOW GETTING IN CALIFORNIA. The American will bring more gold here if he is *sure* to get, at the British Mint, four sovereigns for his ounce of gold, than if the nominal market price in London were L.3, for he could not depend on getting British goods equally cheap in proportion. The price of commodities is only directly regulated by the demand for the particular articles, and (even at present the low fixed price of gold chiefly operates on prices by upsetting our currency through leading to its export), the price of gold has only an indirect and often remote effect on them to the extent it increases or decreases the demand for goods. Now (supposing wages to have risen 50 per cent., or the cloth to have risen in price to 1s 6d, whose Peel or starvation price I assumed as 1s), the American, if he got 4 sovereigns for his ounce of gold, could buy 53 yards of the cloth, whereas, were the market price of gold down to 60s an ounce, he being paid in paper pounds, would only get 40 yards of the cloth at 1s 6d for his ounce of gold. Thus it is clear we should get more gold from America by sustaining our present money law, and this is vital for us, not only as securing us larger sales of manufactures, but as the less gold the Americans retain to themselves the slower will be the development of their banking system, and the less ability they will possess to hold their cotton for high prices, and to increase their manufacturing opposition to us in their own markets and those of other countries. Had the Americans not required to send away, to carry on their war in Mexico, the gold they drew from us in 1847, they could have held their cotton for speculative prices last year, and thus aggravated indefinitely our manufacturing distress in this country.

I hope the vast importance of the SUBJECT OF MONEY at this particular moment will be held sufficient apology for the great length of this attempt to satisfy those who have no time to reflect on such subjects, or whose habits disable them from forming a judgment for themselves, that (although with gold scarce and tending in value above our fixed price, our money ought to be paper pounds convertible into gold at its market price in this country), it will become the interest of our industry to sustain our present money law if the price of gold should fall so much abroad as to leave THE SOVEREIGN so far above the foreign price as to be what monetary reformers have always desired to see the pound, PRACTICALLY AN INCONTROVERTIBLE COUNTER.

Yours very respectfully,

ISAAC BUCHANAN,

Formerly Member for Toronto in the first Parliament of United Canada, and President of the Boards of Trade of Toronto and Hamilton, Upper Canada.